



Office of the Chancellor

THE TEXAS A&M UNIVERSITY SYSTEM

November 3, 2022

Ms. Gina Oglesbee, CPA
Vice President for Finance and Administration
Stephen F. Austin State University
Nacogdoches, Texas

Dear Ms. Oglesbee:

It has been our pleasure to be considered by the leadership of Stephen F. Austin State University as a potential Texas A&M System partner for the future and to work to present our case for increased support for the institution as it continues on its path to excellence. To that end, our Finance staff enjoyed talking with you last week. Since then, we have had time to examine your financials and to discuss a plan for financial support of SFA in the transition to The Texas A&M University System with Chancellor Sharp. To make our intentions clear to all, the Chancellor suggested we summarize those discussions with him for you and for the SFA Board of Regents Affiliation Subcommittee, and that is the purpose of this letter.

I have attached a spreadsheet of our proposal to SFA to which we have made one important addition based on our financial review. To summarize the key points:

1. Stephen F. Austin has the choice to join our System as a HEF school or a PUF school. Either works for us. It is your choice. If you choose the PUF route, we will work with you to make the transition as seamless as possible.
2. *In either case, based on our review of your financials, we have found a way to use the System's available resources to free up \$7 million for SFA's use for current and transitional costs (debt service obligations, information technology, salary adjustments, etc.).* We propose relieving your outstanding HEF debt service costs (or other transition costs as determined by SFA executive leadership)—which amounts to \$3.5 million a year—for the two years it will take to fully integrate into the System, secure reaccreditation and so on. We can make these funds available as soon as the affiliation legislation becomes law whether you elect to join the PUF or remain in the HEF.
3. *We propose constructing a joint-use facility on campus for use by Texas A&M System agency personnel and also SFA faculty, researchers and students.* Beyond its benefits to the university, and its Forestry Academics, this facility would make Stephen F. Austin the base of operations for our agencies' efforts in East Texas, which would include the Texas Division of Emergency Management, the Texas A&M Agrilife Extension Service, the Texas A&M Forest Service and our extension agents in the county. We will collaborate on the design of the facility to meet both our needs. This structure, which we estimate will cost \$24 - \$31

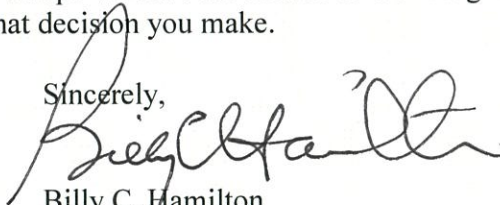
million, depending on the final scope, is not dependent on whether you choose the HEF route or the PUF route.

4. *As a member of our System, Stephen F. Austin will be eligible for allocations under our Regents' Grant and Regent Scholarship programs which are targeted student financial aid programs. The SFA's share of these programs would be \$1.1 million per year. These programs are available annually to all System members.*
5. *SFA would also be eligible for additional allocations under our Board of Regent's Affordability and Access initiative, which includes increased funding for the Regents' Grants and Scholarship programs, a financial literacy program for families of our students System-wide, funding for a student loan reduction program for targeted majors, reduction or elimination of tuition and fees for students involved in internships, expansion of student jobs on campus and housing incentives to encourage students to affordably live on campus and proactive advising programs. Depending on final approval of the Board, the System-wide amount could total about \$12 million per year over a three year period. SFA would participate in this allocation. SFA's share would be approximately \$1 million per year depending on final Board approval.*
6. We have pledged to work in the 88th Legislature with your Governmental Affairs staff and others to increase support across higher education, and for Stephen F. Austin and the other regional universities in particular, through additional funding for the formulas, Comprehensive Regional University student success, Hazlewood, Higher Ed Group Insurance, and institution-specific line items wherever possible. This is how any System can close any funding gap that currently exists regarding salaries. Our reach in the Legislature in this regard is unsurpassed.
7. Finally, the Chancellor has pledged to work with the SFA to expand its enrollment with a program that will have a statewide reach but would focus on East Texas, extending south to Beaumont and Houston and north to Tyler and Longview. We want to make SFA the destination for East Texas students in particular but expansion statewide will also be a priority.

Please consider these points as part of your analysis for SFA's Board of Regents Affiliation Subcommittee. The Chancellor has approved all of these proposals and they are ready when you are.

Again, it was nice talking with you. I hope we have the chance to work together in the future, and I wish you only the best no matter what decision you make.

Sincerely,



Billy C. Hamilton
Deputy Chancellor and Chief Financial Officer
The Texas A&M University System

Cc: SFA BOR Affiliation Subcommittee

THE TEXAS A&M UNIVERSITY SYSTEM
Summary of Proposed Stephen F. Austin
Transitional Financial Support

Piney Woods Center Facility (new construction)	\$24M to \$31M	Joint-use facility for collaborative educational initiatives.
Transition funds ¹	\$7,000,000	Funding would be provided over a 2 year period (\$3.5M/yr.).
Regents' Grants	\$280,000/year	To assist our students facing significant hardships to stay in school.
Regents' Scholarships	\$830,000/year	To assist our universities in recruiting students from low-income, first generation, and/or underrepresented populations.
Doctoral Initiative	All Tuition & Mandatory Fees	To encourage professional development of A&M System employees.
Affordability & Access Initiatives (pending)	~\$1,000,000/year	Proposed A&M System-wide initiative to assist our universities with the recruitment and retention of Texas students. These funds would be allocated proportionally to all academic members. SFA would participate in this allocation. (\$12M/yr. over a three year period.)

¹ Transition funds could be used to assist with items such as:

- Debt Service obligations
- Operational costs associated with the transition
- Faculty Salaries